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Commercial Relations of the United States with Latin America

Addresses at the Seventh Annual Meeting, and Papers

BY

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Causes of Our Failure to Develop South-American Trade

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CAUSES OF OUR FAILURE TO DEVELOP SOUTH-AMERICAN TRADE

BY HONORABLE FREDERIC EMORY

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From a survey of reports from our consular officers during the past decade, it would seem to be evident that the main cause of our failure to develop South-American trade is that we have practically left it to develop itself. There has been no lack of agitation of the subject among our business men, or of efforts on the part of the federal government, by the appointment of visiting commissions and instruction of its diplomatic and consular representatives, to supply the information and incentive for concerted action. During this whole period, moreover, there has been in existence a special agency, in the Bureau of the American Republics, for promoting trade between the Latin-American countries and the United States, which, in recent years, has had the cordial support of all the governments, and from its inception, has had the active co-operation of most of them. If, with all these advantages, we have made but little progress except in the countries nearest us—as Mexico, Central America and the West Indies—may we not conclude that the causes lie in purely commercial conditions and not in any lack of artificial aids?

The meagre results of our trade propaganda in South America are the more remarkable, in view of the fact that our consuls tell us that American goods find favor everywhere, and in many instances, are preferred to similar goods of European origin. Thus, for example, the Argentine Republic takes our barbed wire and agricultural implements; Brazil, our sugar mills and saw mills, our plows and reapers; Chile, our railway supplies; Colombia, our coffee and sugar machinery, glassware, hardware, beer and wines; Ecuador, our axes, shoes, furniture, clocks, cutlery, hardware, stationery, canned goods, etc.; Peru, a great variety of articles, including agricultural and mining machinery, hardware, clocks and watches, typewriters and cottons. In Uruguay, our agricultural implements are

making headway and we are also selling windmills, harness, carts and wire. In Venezuela, our drugs, rope, wire fencing and cotton goods find favor. It should be noted that, in all these articles, we have to compete with European goods.

It must be assumed, therefore, that in general, the fault does not lie with what we have to sell the South Americans—although, of course, we are at a disadvantage in not manufacturing, as the Europeans do, especially for their market—but in the lack of proper instrumentalities and of vigorous effort to extend our trade. Most persons, in considering the subject, seem to assume that, if the proper instrumentalities were supplied, the requisite effort would not be wanting, and that the volume of our sales would soon begin to show a large increase. It has seemed to me, however, that this—to use a homely phrase—is putting the cart before the horse. The establishment of adequate steamship lines and of better banking facilities; the extension of more liberal credits; the adoption of methods of packing specially suited to South-American conditions; the production of goods in qualities, patterns, dimensions to meet local tastes or trade requirements; the employment of commercial travelers able to converse with the people in their own language; the adjustment of tariff relations on a more liberal basis of exchange—all these are important agencies of growth, which have again and again been urged by our consuls, and here at home have too frequently been regarded as all-sufficient panaceas. But of what avail, in a large sense, would any of them be, if our manufacturers and exporters failed to utilize them except in a casual and negligent manner?

It is just here, it seems to me, that we find the key to the whole situation. Until the business community of the United States makes up its mind that it is worth its while to go into South-American trade on the large scale of its dealings with Mexico, with Canada, with Europe, the tools and vehicles we might provide could not be profitably employed. That our export interests have not arrived at this decision as yet is a proposition that can hardly be disputed. The plain truth is that the home market still absorbs all the energies of the average manufacturer, and will continue to absorb them so long as times are prosperous and there is an active demand for his goods. It is only when the home market becomes stagnant or depressed that he looks abroad, and then merely for openings to dispose of accumulating stocks. He has but a transient interest in foreign trade, and

waits with longing for the revival of domestic prosperity. Exception must be made, of course, of some of our industries which, pursuing a far-sighted policy, continue to cater to foreign custom even when they are pressed to fill home orders, knowing that, if they hold the foreign markets they have won throughout a period of active demand in this country, they will not have to win them back again in the hour of need, but will always have them as a safety-valve in times of repletion. In general, however, we cannot be said to have got much farther than the incipient stage of development as a nation manufacturing for export, and thus far, in selling goods abroad, we have been content to follow easy channels and to seek only those foreign markets that make the fewest demands upon us other than those we are accustomed to meet at home.

It is for these reasons that our greatest measure of success in selling manufactured goods has been won in Europe, in Canada, and in Mexico. The European countries and Canada, especially, consume much the same kinds of goods as we manufacture for our domestic customers, and we have the advantage of conceded superiority in many articles, especially those of a labor-saving character. Moreover, the facilities of trade intercourse are relatively cheap and ample, and the conditions of exchange, such as terms of payment, tariff regulations, freights, methods of packing, etc., are well understood. But even with these countries, there has been, during the past year or two, a marked subsidence of our export activity, due to general prosperity and the greater profits to be reaped at home. This fact would seem to prove beyond cavil that sales to foreign customers are still, as has been intimated, very much of a side issue with most of our industries. Our consuls have frequently commented of late upon the indifference shown by American manufacturers to foreign orders. In a report printed by the State Department on the seventh of April, for instance, Consul-General Lay, of Barcelona, says: "In consequence of the prosperous state of trade in America, I find little or no desire on the part of our manufacturers to interest themselves in commerce with Spain at present. In one case which came under my notice, a trial order for a sample lot of goods was sent to a firm in the United States, along with a remittance in payment, but the order was declined on the plea that, being unable to cope with the demand at home, foreign orders could not be accepted."

If, for business reasons of this character, we find it advisable

for the time being to neglect our more profitable foreign customers, is it to be expected that we shall put forth very strenuous efforts to win less accessible and less remunerative markets, such as those of South America? Upon the other hand, that there are no insurmountable barriers to the extension of our trade over that continent because of racial or other differences is clearly shown by the remarkable growth of our sales to Mexico and the investment of American capital in that country to the amount, as estimated by our Consul-General, Mr. Barlow, of five hundred millions of dollars. Our progress in other Latin-American markets which are within easy reach, such as those of Central America and some of the West India Islands, affords similar ground for confidence, and we may safely conclude that, if we can compete with European goods in European markets, we need not fear their rivalry in South America when we set to work in earnest to bid for the trade.

The whole problem, therefore, seems to resolve itself into this: Shall we have to wait for such slackening of home demand as will again induce export activity before our manufacturers can be persuaded to enter seriously upon the commercial invasion of South America, or will our enormously increased and constantly increasing output of manufactures create, of itself, a condition of surfeit which will ultimately compel us to a systematic effort to find and maintain new outlets for our surplus goods, not only in South America, but in other parts of the world to which we have shown ourselves to be more or less indifferent?

The solution is to be found only in the course of events, but it may be assumed that one or the other result is sure to follow. In the meantime, it is most desirable that we equip ourselves by study, by organization, by experimental effort, and so far as possible, by providing mechanical facilities such as transportation lines, banks, tariff agreements, etc., for making the most of the opportunity when it comes.

European Trade Relations with South America

By Wilfred H. Schoff, Secretary of the Commercial Museum,
Philadelphia

EUROPEAN TRADE RELATIONS WITH SOUTH AMERICA

BY WILFRED H. SCHOFF

Secretary of the Commercial Museum, Philadelphia

The subject of our trade relations with South America is one which has commanded the attention of our statesmen for many years past, and particularly since the great work of Secretary Blaine in calling attention to the bright promise of future trade under the encouragement of reciprocal treaties. It has been so often pointed out as to be familiar to everyone that our imports from South America have steadily increased in proportion to the increase in our own population and the demand for staple South-American products such as coffee, rubber and chocolate, while at the same time our exports of American products and manufactures to the South-American republics have remained practically stationary, or in some cases have even decreased within the past generation. It is generally assumed that this unfavorable balance of trade is absorbed by our European competitors, and that in some way we are failing to secure our just share of the import trade of that continent; the corollary being that the European nations, Great Britain, Germany and France more particularly, are selling a larger share of commodities than their purchases would ordinarily warrant. It is the purpose of this paper to point out some of the causes which must prevent us from forming such a conclusion.

The foreign trade of South America is, and always has been, different from that of the United States, and the causes must be sought for in the different character of its natural resources and the different method by which the continent has been peopled and exploited. There was only one strong motive which led to the early expeditions of discovery and settlement in the western world, and that was the search for gold and the other precious metals to swell the treasuries and promote the development of the European nations, which were then being awakened by the Renaissance from their millennium of sleep. It was due to the discoveries of Columbus and

the conquest of Cortez and Pizarro that the Spanish Empire was brought in the sixteenth century to the pinnacle of its power in Europe, and it was the one thought of the adventurers who laid claim to the new lands in the name of the Spanish crown that the gold and silver mines which they contained would contribute to the maintenance of their home country as the dominant power of Europe. Their expeditions were all organized to seek for precious metals and not to settle, till and peaceably develop. The territories overrun by the Spanish conquerors received no economic benefit from their visitation. If gold were found or seized, it was shipped to Spain, and when the soldier-adventurer's thirst for gold was satisfied, he returned to enjoy his wealth at Madrid or Seville. Under the rule of the Spanish kings, the policy was for a partition of the continent among a relatively few favored parties, who were in a measure held responsible for the draining of the territories committed to their care. This policy was not materially changed in the Brazils after the separation of Portugal from the Spanish crown. Although the colony yielded little gold, the agricultural production under the slave system amounted to the same thing.

North-American settlements did not begin until a century later. The north Atlantic coast, shunned by the Spaniards because of its bleakness and the absence of any known deposits of gold, became attractive to European enterprise only when religious differences and the growing restiveness of the middle classes and country population in northern Europe created a demand for territorial extension and colonization. The settlers of the English, French and Dutch colonies, Canada and Louisiana were men who had broken their home ties and who came to the New World to recreate their farms and homes under conditions of greater religious and economic freedom. Their very existence depended upon their ability to increase and develop the economic value of their surroundings and to replenish, rather than diminish, the productive power of the land. This class of settlers found little encouragement in the Spanish main, and the forays of Drake and Hawkins brought no practical return beyond the temporary money loss to Spain. And in Spain itself, there was no popular movement in the direction of religious freedom or of economic advance which could make sufficient headway to encourage any tendency to permanent colonization by the middle classes. The American colonies of Spain and Portugal

remained, then, as closed preserves dedicated to the search for gold and to production by slave labor; and when the Spanish power crumbled and went to pieces before the successive onslaughts of England, the French monarchy and Napoleon, the descendants of these first conquerors, who had remained in possession and who so nobly fought for and won their national freedom, found themselves masters of a house swept clean, a land impoverished of its mineral wealth and without a population trained to agricultural industry, economy or mental freedom. Under such conditions the history of South America, after the recognition of its independence, could not be other than one of commercial stagnation, and for a time even of national retrogression.

The American republic found itself at birth fully equipped with the elements of national progress. Agricultural development had been the mainstay of the land for a century, and the ravages of the war were quickly repaired. The South-American republics, on the contrary, found themselves with the elements of progress all to create. Agriculture had been left for the most part to the half-breeds and slaves. Gold and silver had been drained from the land until the mines were apparently worked out, and the responsible population, of high breeding, bravery and energy though it were, was yet too sparse to make much of a showing over the vast areas committed to its control.

In the face of such conditions, the South-American proprietors naturally took the most direct means to the acquirement of wealth. Their land was rich and fertile, the warm tropical sun left them little work to do in the planting and harvesting of crops, and their over-sea trade in tropical staples, already of importance in the colonial times, was developed as far as possible; but even so, the path of the new nations was not an easy one. As long as Brazil remained a part of the kingdom of Portugal, Brazilian coffee, sugar and chocolate were entered free in the market of Lisbon and thence sold throughout southern Europe. With the separation of Brazil and the establishment of the empire under Dom Pedro, these commercial favors were withdrawn, and Brazilian coffee, shut out of the Portuguese market by preferential tariffs in favor of the remaining Portuguese colonies, had to seek a market elsewhere. The United States, always the most valuable market for the sale of coffee, did not yet furnish a large consumption, and the destructive wars of the Napo-

leonic period, which had forced the imposition of heavy taxes upon all articles of consumption in France, Germany and England, stifled the coffee trade there. It is worth remembering that the English tax upon coffee has never been removed, and that one of the most promising markets in the world is still closed to this most important article of Brazilian production.

Greater obstacles confronted the South-American state-builders than those which our forefathers had to surmount. The east coast settlements, separated from the west and from each other by leagues upon leagues of impassable jungle, and infested not only by hostile savages and wild beasts, but by that more insidious enemy—disease, were thus prevented from establishing means of intercommunication, and in large measure turned aside from the ambition to explore and push their settlements toward the interior. There grew up, then, a series of isolated communities in which local passions and narrow political strife found easy sway.

The influential men of the new states were not blind to the difficulties which beset them. They saw clearly the need of opening up the country and providing means of communication which should permit the planting, harvesting and shipment of crops and the cheaper transportation of ores to the coast. As the country did not itself possess sufficient accumulated wealth for the accomplishment of such a purpose, it became necessary to float foreign loans, and as early as 1824 the Brazilian government came before the bankers of London for a substantial issue of bonds. In the temporary enjoyment of greater political stability through her imperial form of government, Brazil was able to establish her credit sufficiently to issue new loans as the need arose to convert and carry on the old and still to maintain a position of confidence in the London market, but, unfortunately, a large part of these loans went, not into permanent improvements in the country such as would increase its productive capacity and actual wealth, but into the liquidation of current deficits and the cancellation of internal indebtedness. Year by year they built up a debt which seriously threatened their credit and very existence. It is true that railways and other public works were constructed and that a comparatively large area was thrown open to the cultivation of coffee, but this very development seems to have resulted in ultimate loss to the country through the enormous over-production of coffee which followed and likewise through the concentration of

the productive capacity upon a single crop, which in times of high prices might bring wealth to Brazil, but in lean years meant poverty, deficits and greater indebtedness. To this misfortune was added the far greater one of a depreciated and fluctuating currency. The original gold coinage of Brazil was replaced first by Peruvian silver, which yielded the government a profit of 20 per cent, and this silver was greatly debased by alloy until it reached such a point as not to be passable, when it was replaced by paper currency, which as early as 1819 had become redundant. The Brazilian nation at its outset found itself confronted by a premium on gold and a corresponding lack of power in the world's markets. Since 1825 the milreis has been quoted at its par of 27 pence at the rarest intervals, falling to 17 pence in 1868, again to 19 in 1886, and touching par on the eve of Dom Pedro's overthrow in 1889, only to fall within the next six years to such a point that at the lowest quotation, 5 pence and a fraction, the total receipts of the government would have been barely sufficient to meet the interest on its foreign indebtedness. With a currency of such instability, it was of no value to the country that its soil was fertile and its climate productive. A good year too often meant an over-production of coffee and fall in prices and a further depreciation of the currency; while the nation seemed to learn few lessons from its reverses and made no movement toward the cultivation of other crops either to feed its own people or to provide a reserve of income when the price of coffee should fall. This still continues as a striking feature of Brazilian production. The rich uplands of the state of São Paulo, capable of raising in superabundance any crop known to the science of agriculture, are devoted altogether to the coffee tree, and the fazendeiros must too often submit to the destruction by fire or decay of their unsalable coffee; while the breweries, in the valleys around which tons upon tons of hops and barley might be produced, are forced to send to Germany for those materials.

The position of Brazil, it is true, is somewhat different from that of the other South-American nations, and yet its vast area, practically one-half of the entire continent, and its population, certainly two-fifths of the whole, have to an extent caused it to influence the trade and economic position of its neighbors; and the foreign trade of Brazil, as already indicated, is sufficiently uncertain to deter the average business firm, unacquainted with its peculiarities, from ven-

turing to enter it. The exports of Brazil have steadily increased in money value and enormously in weight, while the imports, representing largely the purchasing power of the country, have been practically stationary for the last twenty-five years. The favorable balance of trade shown every year on the face of the returns, has brought the country little added wealth, and has generally been absorbed by the deficits in the budget and by fluctuations in foreign exchange. The policy of protection to national industries has been steadily followed, but the resources and climate are not such as to encourage manufacture to any great extent, so that the finer qualities of all lines of goods must still be purchased abroad. The stationary volume of imports bears mournful witness to the lowered purchasing capacity of the nation. In twenty years the exports of Brazil have more than doubled, while in thirty years the imports have increased by less than 20 per cent, and the quality of imports has been very fluctuating, with a notable tendency to cheaper purchases in all directions.

The experience of Brazil and that of her southern neighbor, the Argentine Republic, are in many respects similar. Blessed by a less tropical climate, and possessing vast areas of arable land, the first ambition of the Argentine statesman was to secure the construction of railways, and both domestic and foreign loans were floated for this purpose. A succession of good years and high prices, made higher by an unfortunate year or two in Russia and the United States, turned the eyes of Europe upon the Argentine Republic as one of the world's most important granaries. English capital was poured into the country for the construction of railways and the development of wheat and grazing lands, and for a time it seemed as if any Argentine proposition, good or bad, was certain of a favorable reception in the money market of London. Great railway systems were constructed upon the proceeds of these public and private loans, largely through unsettled territory. Vast areas of private lands were hypothecated as security for more loans, often far in excess of the mortgage value. Finally the inevitable crash came, and with the Baring failure and the resulting merciless liquidation the Argentine Republic found itself in the same condition of temporary over-production of one or two staples, depreciated currency, reduced purchasing power abroad, and compulsory retrenchment. The Argentine statesmen were, however, in a better position than their

Brazilian brethren. They had more lines of railway built and a greater area of land opened up to settlement and cultivation. Their climate was more suited to foreign immigration, and their homogeneous people encouraged and welcomed such immigration. It was not many years, then, before the republic began to recover its losses, and to-day, after a bitter period of commercial stagnation, there are abundant signs of returning stability and prosperity.

The history of the west-coast republics is similar in general tendency, if not in detail, to that of their larger sisters to the east. Through over-assurance in the floating of loans for internal improvements, judgment in the expenditure of the funds received, often, to say the least, unfortunate, torn with internal dissensions and local jealousies, their path through the century has not been of the easiest. They, too, have suffered through financial stringency and depreciation of currency, but are fortunate in having been the pioneers of a movement in the direction of saner financial methods. The currencies of Peru and Ecuador have been firmly fixed on the basis of ten dollars to the pound sterling, with a gold currency and reserve. The Chilean currency is now, after some uncertainty, fixed at the rate of eighteen pence sterling to the Chilean dollar. These new standards, although a reduction in scale from the old, mean stability in foreign exchange and a uniform purchasing power, based more nearly upon the actual productiveness of the country. With losses less in volume to recover, with a territory not so great in extent and more easily opened up to exploitation, and with a fortunate subsidence of the deplorable internal disorder, these three republics have now been enabled to lay the foundation of a sound and enduring over-sea trade, which will unquestionably be greatly expanded by the construction of an isthmian canal and must eventually come in large share to the United States. The prospect of a similar development in the River Plate republics and Brazil is by no means clear. The English, German and French capital, so liberally invested in those republics, has yet in large part to be made profitable, and the machinery of finance is necessarily in the control of European money centres. The banking institutions of the Argentine Republic and Brazil continue under the direction of English, French, German or Italian financiers, and the development of the country and its further opening up to outside settlement is dependent largely upon them. Where it is to the banker's interest to remain and watch his invest-

ment, it is naturally to his interest also to encourage the development of trade in both directions, and as it happens that Brazil and the River Plate republics have shown themselves capable of producing in large measure and at a low price articles of primary consumption required throughout Europe, a profitable trade in such products has been built up and enormously extended during the past twenty years. Fast and well-equipped steamers have been built to carry the wheat, hides, wool, frozen beef and mutton from the Argentine Republic and Uruguay and to carry coffee, tobacco, sugar, cacao and rubber from the different states of Brazil. These steamers are all built and controlled by European capital and ply to European ports. The racial traditions of the merchants at each end of the line are a compelling factor in the strengthening and further extension of such a trade. The distance to be traversed is actually less between the ports of southern Europe and Buenos Aires than between Buenos Aires and New York, and the manufactures of England, France and Germany are in constant, though not notably growing, demand in South America. The immigration is increasingly from southern Europe and Germany. There is, therefore, every reason for the continuance and extension of trade between eastern South America and Europe and many reasons against the development of trade between that section and the United States.

Our relations with Brazil are, of course, more important than with the Argentine Republic, but the figures of that trade, when compared with the general trade between Brazil and Europe, do not show such a disadvantage in our direction as might be supposed. We buy, it is true, sixty millions per year and sell only twelve; but the world at large buys of Brazil nearly two hundred millions and sells less than one hundred. With the Argentine Republic, on the other hand, we are dealing not only with a far-distant country, but with one that is actually a strong competitor in its line of production in the markets of Europe. It is quite within the bounds of reason to expect that with the increase in our own population and the relative reduction in the area of our land under cultivation, more and more of our agricultural products will be required at home, and our exports of such products to Europe will be steadily displaced by those from the Argentine Republic and Uruguay. At present we sell to the Argentine Republic more than we buy. No other great nation is so favored.

How far will the present tendencies of trade in eastern South America change as those nations work themselves free from the clutches of unstable finance and become independent of European control? Racial ties, geographical position and established lines of communication will all tend to maintain the present status. A wider spread of intelligent ideas and a more liberal public education will undoubtedly lead to a more rational development of their own resources in such a manner that the fruits of their industry will accrue to their own enjoyment. The absence of any extensive deposits of iron and the comparative poverty of their coal fields must prevent any great manufacturing development such as has taken place in the United States. Brazil and the Argentine Republic must continue indefinitely to depend upon their exports of natural products as the basis of their foreign trade and national life. They are in the world's markets, then, to dispose of their goods to the best customer and to buy what they require where the best bargain can be made. The wool clip of the Argentine Republic is now almost entirely consumed in France, England and Germany, the cereals are distributed all over Europe, the hides go to France and England, and the frozen beef and mutton, the beef extract and the by-products of the cattle industry also find a ready market in France and England. The conditions in the United States are very different. We require little of all this wealth of production, unless it be hides and wool, and up to the present time both of these products have been excluded from our markets by protective duties. That a growing need on the part of our woolen and leather manufacturers may cause a future reduction of these two duties is quite possible, but even then the volume of trade coming to this country would be so small as to require no particular change in banking methods or shipping facilities to take care of it conveniently. We must look to an increase of trade in the Argentine almost entirely along the lines of specialized manufacture required for the development of that country. This trade must still continue of an occasional character, and the ships chartered to carry the merchandise exported must either look for return cargoes to Europe or come north to Brazil for a cargo of coffee or other tropical products.

Our trade with Brazil may be expected to increase as our need for coffee and rubber increases, but as we are already among the largest per capita consumers of both those products, a more natural

field of increase would be in England, where coffee is still excluded by high taxation, or in such of the European countries as are not now addicted to its use.

The annual per capita consumption of coffee in the United States is nearly ten pounds, and in England, where the war taxes of the Napoleonic period are still levied upon coffee, the per capita consumption is less than three-quarters of a pound. With the exception of Holland, where the consumption is about twelve pounds per capita, no European country equals the United States in this respect, and in most of them the consumption is less than half.

The European capital which has entrenched itself in Brazil and the Argentine Republic will naturally fight to maintain its position, and will be content with the slow working-out of prosperity through periods of depression, of long credits, low interest and uncertainty rather than withdraw and leave the fruits of its labor to a newcomer. Along the west coast, however, where English and European capital has been directed almost entirely to the production of specific commodities, such as nitrate of soda, there is more opportunity for new spheres of influence and much more prospect of commercial and financial relations with the United States. Ever increasing their natural strength, directing their best intelligence to the devising of more stable currency and banking institutions, and applying to their own advantage the knowledge obtained from other countries, the future statesmen of Brazil and the Argentine Republic may be expected to form two nations well fitted to enter into the fellowship of American powers and to help defend the weaker members of the fellowship from outside aggression; but it seems inevitable that this relation of fellowship will continue political and not commercial. Their commerce will continue to follow the line of least resistance, and their own merchants, no less than their associates in England, France, Germany and Italy, will look to the future to retrench the losses, uncertainties and delays of which the past has been so unhappily productive.

Argentine Commerce with the United States and Europe

By Señor Ernesto Nelson, Argentine Republic

ARGENTINE COMMERCE WITH THE UNITED STATES AND EUROPE

BY SEÑOR ERNESTO NELSON

Buenos Aires, Argentine Republic

Since 1818, when Henry Clay asserted that Spanish America would, in the course of time, necessarily be animated by Pan-American sentiments, the idea has been agitated more or less constantly in this country, of uniting the different nations of this hemisphere in one great federation of commercial interests. However, the results thus far accomplished by the different Pan-American Congresses have not been great. Indeed, the well-known English journalist, Mr. William T. Stead, stated merely an unpleasant truth when after visiting the different American countries he said, last year, that few parts of the world had been less Americanized than South America. Mr. Stead's dictum is, of course, too positive and overlooks the work done in these last years by the Philadelphia Commercial Museum and numerous other agencies.

The closer geographical connection with the tropical zone of South America has caused the people of the United States to exaggerate the unlikeness of productions of North and South America. No portion of Argentina is within the tropical zone. Argentina's latitude is similar to that of the United States. If the surface of the earth could be folded over the equator and the southern hemisphere laid upon the northern, Argentina would extend from Texas to the Northwestern Territory, in Canada. From this fact, it may be inferred that the agricultural conditions of my country are very similar to those of the United States. The Mississippi valley has its counterpart in the La Plata valley, where cereals are the staple of production; the boundless plains are repeated in the fertile pampas, where large herds of Durham and Hereford cattle and flocks of Lincoln and merino sheep are fed with the rich natural pastures; the cotton region is represented by the Paraná delta, the climate of which resembles that of Georgia, Mississippi and Arkansas. Sugar-cane is raised in Santiago, Tucumán and Chaco as in Florida. The same

tobacco which has been grown in Maryland and Virginia has prospered under cultivation in Misiones. The attempts to establish coffee plantations in Texas and Florida were followed by similar and fairly successful experiments in Tucumán and Jujuy. The vineyards of California are repeated in the Andes, where they cross the provinces of Mendoza and San Juan. The primeval forests of the northern states are recognized in the entangled woods of Tierra del Fuego, in the southern extremity of the continent. Wheat culture is a success in the more northern regions of the United States and in the southernmost part of Patagonia.

The statement is frequently made that social and commercial intercourse between our two countries is obstructed by lack of transportation facilities. I believe, however, that this is not stating the case correctly. A cause is taken for an effect. I am sure it will be evident to you from the imperfect outline I have given of the geographical and agricultural characteristics of Argentina, that the reason for the lack of transportation must be sought for in the lack of adequate stimulus to commercial intercourse. The most important factor in promoting trade is unlikeness of production between countries. This fact is now as well established in social dynamics as the principle of repulsion between electricities of the same kind is in physical science. It has been suggested that our relations could never become those of rival concerns in competition for the same market. The real facts, however, tell a different story and are worthy of careful consideration.

In Argentina, as in the United States, those industries are most energetically developed which are most necessary to material life. We are bread producers, meat producers and wool producers. Wool is our great export staple. Our annual output of wool is about 230,000 tons. Argentina is the largest wool producer in the world. Fifty years ago the sheep-raising was neglected by the majority of stockmen. Our flocks consisted almost exclusively of native *criollo* breed. With the increasing demand for wool there began to be an increasing interest in the sheep industry and soon the new departure became a most profitable branch of agricultural enterprise. The first care was to produce a better quality of stock. The merino sheep was imported and its blood mixed with that of the *criollos*. As a result, the quality of wool was wonderfully improved. In 1870, Europe's demand for meat began to grow and many stockmen of Argentina

began to convert the merino sheep into mutton, cross-breed types approaching the Down. Argentina was favored by its geographical location. Being nearer to Europe than Australia, the Argentine sheep industry received marked encouragement. The traffic was still further promoted by the construction of the harbor of Buenos Aires, which cost forty-nine million dollars and is second in importance in the whole western hemisphere. The commercial intercourse with Europe was a great boon to stock raisers. At present the large part of the Argentine sheep are of English and merino breeds. This fact is not sufficiently known in the United States, because this country, until 1897 when the Dingley bill was passed, has been the sole buyer of the coarse wool, grown of the remnant of the old *criollo* breed.

The real importance of the Argentine sheep industry will be still better understood when the weight of this somewhat startling fact is appreciated. There was a time when Australia was the first sheep country in the world; but we have left her so far behind us, that at the present we have as many sheep as Australia and the United States together.

In consequence of the development of our sheep and cattle industry, Argentina has been raised to a prominent place in the meat trade. The total export of Argentina has reached 500 million pounds, or as much as Australia and New Zealand furnish together. And yet, these 500 million pounds represent only a fifth of what we could supply without touching the stock representing our capital in this industry. This latter point is of no small importance. All other meat-producing countries, the United States not excepted, are decreasing their exports. As a result, we expect to be the largest meat producers in the world before very long, occupying the first place there as we already do in wool production. Our dairy industry is comparatively young; but already there has been an increase of 375 per cent since it was established.

In farming and particularly wheat-growing, the progress has been equally wonderful. The most improved threshing machines are now to be seen in the centre of Patagonia, the *terra incognita* which literature knows only as the scene of predatory incursions of Indians. The La Plata valley is an extensive and favored agricultural region without a rival in fertility and in capacity for breeding cattle. Here are boundless alluvial plains where the plow can be driven four

hundred miles without striking a stump or a stone. Here is a land of promise for wheat production, where labor is richly repaid. Alfalfa grows exceedingly well, and since we have discovered this fact, we have placed ourselves in possession of the largest alfalfa plantations in the world, thereby increasing the capacity of the land for supporting cattle.

It is evident that all this abundance of raw material produced in Argentina cannot be marketed in the United States. Sixty per cent of the Argentine exports goes to Europe. Last year, out of twenty-four thousand three hundred and thirteen ships which served as vehicles of our commerce with the world, only three hundred and fourteen were American—certainly not a very gratifying showing of trade relations between our two republics.

We have a mutually advantageous intercourse with European countries. Our products are in more demand in Europe than here. We are therefore offered in Europe greater advantages for the sale of our products than in the United States. Our textile fibres and hides are entered free of duty in France, Germany, Belgium and Italy. Argentina has become a commercial annex of Europe. The acquisition of our trade has often become a political factor. During the Anglo-Boer war our meats were preferred to those of Australia in the English markets. The last European crisis in the wool trade was decidedly influenced by the Argentine output. This state of things is well understood in Europe. Quite recently, M. de Villate said in the *Revue de Paris* that for many years the stream of South-American commerce will continue to flow Europewards in spite of all efforts made by the United States to divert it. The Argentine Republic will become, ere long, a close competitor of the United States in the European markets. In Argentina the good lands are cheaper, the soil more fertile and, speaking generally, we enjoy a more equable climate than the United States. Of course we are at a disadvantage as regards distance from the European countries: We are compelled, therefore, to promote intercourse by commercial treaties with those countries, affording protection to their imports. This is the most vital problem that will engage our energies in the future. It is true that the actual population of my country is not sufficiently large to compel trade with us by reprisal; but the immigration is growing year by year, owing to the inducements my country offers to those who are willing to work. The population of

Argentina is growing so rapidly that we have reason to feel hopeful that in the future we shall be regarded by Europe as an important buyer whose friendship is worth cultivating. The new condition will supply the weapon of commercial politics.

The growth of Argentina's industry has been so rapid, and in a measure so unexpected, that it found the country unprepared to make the most of it. For instance, when the sheep industry began to develop there was built an immense house, covering an area equivalent to nine square blocks of New York City. It was thought that this space would be more than sufficient for the necessities of the future. But it had scarcely been completed when it was found too small, and another building had to be planned. A few years ago we imported wheat from Chile. Now we have reached the fifth place as a wheat-exporting country. Again, we were not prepared for this sudden expansion. Until quite recently we had no grain elevators. As a result, we expend millions of dollars for coarse cloth to make bags for the purpose of shipping the grain. Under favorable conditions this demand for bags might have supplied a new field for our textile industry; but our unpreparedness turned the advantages of the situation over to others and we are under the necessity of importing annually enough coarse cloth to wind four times around the earth. Moreover, thousands upon thousands of bags of threshed wheat are very often spoiled by the rains, because of the blockade in transportation and the lack of sufficient tarpaulin to protect them. The waste is enormous, for we do not have enough hogs to fatten with this spoiled material. We furnish an example of what Herbert Spencer calls the "multiplication of effects," that is, the passage from the homogeneous to the heterogeneous as a necessary stage of progress. Before the state of equilibrium arrives for Argentina, many new fields are to be opened to industry.

A great part of the progress we have accomplished and are about to make has been made possible by European capital. Thus, it is estimated that fifteen hundred million dollars of British capital is invested in Argentina. Other nations have many millions deposited in our banks, in national bonds, railways and many industrial undertakings. America's contribution is very small.

Until 1897 the Argentine wool and cowhides entered in this country free of duty; but after the Dingley bill became a law, these products had to pay the regular tariff. Argentina has always

earnestly desired a better understanding with the United States; but the attitude of the American government has been disappointing to us. If the bars were let down, we might do more business with this country. But it is doubtful whether the present state of affairs will be changed in the immediate future. It may be safe to assert, however, that the policy of the United States will have a salutary effect upon the evolution of the sheep-breed industry of Argentina. If our *criollo* wool is no longer purchased in large amounts as in the past, we shall let the remnant of the *criollo* stock-bred turn into merino, and thereby fit our wool production for the wants of the French market, which is looking for finer fleeces.

In view of the conditions described, it seems as though our national destinies would keep our two republics separated in commercial life. But I am also firmly convinced that a complete divorce would be fatal to many of the institutions of my country that are now in process of development. To state the case paradoxically, the more separated Argentina may feel herself to be from the United States, the more closely she ought to be allied with this country. We have the raw material for the genius of the United States to work upon. Here Argentina has much to learn of you. She must learn how to promote development and rapidly meet new conditions to utilize her wonderful natural resources. The Argentine awakening is a new result in the series of events set afoot on the day of the declaration of American independence. We share with you the honor of possessing the constitution which Jefferson and his compeers created. Our people have received part of the heritage left to America by Horace Mann.

No institution is better fitted for the building up of a great republic than the American public school. It develops individual powers and awakens the sense of moral responsibility, in a way no other institution does or can. Argentina may well study and follow the progress made in this particular field of America's wonderful activity.

Even though the United States cannot be a commercial friend of Argentina, it will, nevertheless, be a model for the development of a new race in the southern extremity of this continent.

Conditions Affecting Sugar-Beet Culture in the United States

By Henry C. Taylor, M. S., University of Wisconsin

CONDITIONS AFFECTING SUGAR-BEET CULTURE IN THE UNITED STATES

BY HENRY C. TAYLOR, M. S.

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The relations of the United States with Cuba and other parts of the West Indies are certain to depend largely on the conditions of competition of beet and cane sugar. For that reason this discussion by Dr. Taylor finds an appropriate place in a collection of papers analyzing the present and prospective relations of the United States and Latin America.—[EDITOR.]

During the last thirty years, beet-sugar production has become a very important industry in Germany. In 1872 Germany was a large importer of sugar, the excess of imports over exports amounting to more than thirty thousand metric tons. In 1898 she was the largest exporter of sugar in the world, the excess of exports being more than a million metric tons. This rapid development of the industry in Germany has led many to believe that the people of the United States may succeed in producing their own sugar supply.

This proposition led the writer to study the conditions under which sugar beets are produced in Germany and to compare the conditions there with those which exist in that portion of the United States which has been designated by the Department of Agriculture as "the probable areas suited to beet culture." The writer is in sympathy with the efforts which are being put forth to extend the sugar-beet industry, but feels that a careful study of the subject from the point of view of commercial agriculture may, to some extent at least, enable the promoters of this industry to avoid misdirecting their energy. It is believed that a comparative study of the crops and field systems of Europe and America will lead to the conclusion that any attempt to establish the beet-sugar industry where it must compete with Indian corn is likely to prove a failure, and that, for this reason, our efforts to establish this industry should be restricted to that part of the beet region of the United States which lies outside of the corn belt.

It has been fairly well demonstrated that vast areas within our borders have the requisite soil and climate for producing beets with a sugar content as high as, if not higher than, those of the best beet regions of Germany; and perhaps it may be conceded that the advantages due to cheap labor in Europe will be balanced by greater skill and the more general use of machinery in the United States. It does not necessarily follow, however, that it will be economical for us to produce our own sugar supply. Suppose that we are able to produce beet sugar at as low a cost in labor and capital as is possible in Germany, and yet in order to do so it is necessary to use land which would yield a larger net return when employed in some other way. Would it then pay to sacrifice the more profitable crop in order to produce sugar? The solution of this problem requires an understanding of the fundamental principles of commercial agriculture. Pliny wrote, that he was a poor husbandman indeed who would buy anything which he could produce on his own estate; but Thaer¹ taught his generation to produce nothing which could be procured more cheaply upon the market. Pliny was writing for a time when the self-sufficient economy of the villa prevailed and when the goal of the husbandman was the direct satisfaction of all the wants of his household. Thaer lived at a time when commerce had so developed and industry had become so diversified that farmers produced primarily for the market, and he stated the most fundamental principle of modern agriculture when he said that each farm should be operated in such a manner as will make it yield the largest long-time average net return, and only those crops which will add to the total net return should be included in the field system, all others should be excluded.

This economic principle, which underlies all commercial agriculture, is an important factor in determining the geographical distribution of farm crops in modern times. It is a commonplace fact that sunshine and rainfall determine in a general way which plants may thrive here and not there, or there and not here. Some plants require much heat, while others thrive best in a relatively cool climate. Some require a great deal of moisture, while others get on with a very little. But while all plants will not thrive under the same conditions, there are always several species present to compete for

¹ Albrecht Thaer wrote extensively on agriculture during the first quarter of the nineteenth century and is remembered as Germany's greatest agriculturist.

each piece of land. This is true on every farm, and the more favorable the soil and climate the greater the number of species which enter into this struggle. When nature is left to herself, the plants which are best fitted for this warfare survive and occupy the land; but when man intervenes plants are divided into two classes, those which are useful and those which are harmful or of no use. The harmful plants are destroyed, the useful ones are cultivated. Under the régime of the self-sufficient agriculture of Pliny's time *all* the useful plants which would thrive were cultivated on each farm. The greater the variety of crops which each husbandman could produce, the greater the degree of his well-being, for each household was a little economic world living unto itself. But under the régime of modern commercial agriculture, where each farmer produces primarily for the city, national or world market and buys upon the same market nearly everything he consumes, his well-being no longer depends upon the variety of his own productions, but upon his power to command the desired commodities upon the market. This power does not depend upon the variety, but upon the cost, quantity and price of the articles he takes to the market. Cost, or cheapness of production, is not the one determining factor; neither is the quantity of the product. The selling price would also be a poor guide in itself. But when the cost of producing an article, the quantity which one man can produce upon a given area, the capacity of the crop to fit itself into the field system, and the farm price of the product, are all taken together, it will be found that, with prices as they are at a given time, some crops will net the farmer a handsome profit, while others can be grown only at a loss. The economic well-being of the modern farmer depends, then, upon his capacity to select and produce that crop or combination of crops which one year with another will make his farm yield the largest net return. Hence, it is no longer natural fitness to win out in the struggle, nor simply some degree of utility to man, but it is fitness to increase the total profit of the farm that determines which of the plants suited to the soil and climate of a region should be allowed to occupy the land.

The largest net return being the economic ideal in modern agriculture, it is the purpose of this paper to point out that even though the conditions with respect to the demands upon soil, climate and labor be as satisfactory, yet the production of beet sugar may

prove relatively unprofitable for the farmers of the corn belt while it is a profitable crop in other parts of the United States and in Germany. This conclusion has been reached by a comparative study of the available crops and of the systems of crop rotation in the two countries under consideration. In central and southern Germany, and in fact almost everywhere in Europe where the soil was not too sandy, a three-field system of crop rotation prevailed during the middle ages and down to the beginning of the present century. This system consisted of winter grain, summer grain and fallow. During the fallow year the land was cultivated carefully to clear the field of weeds and to bring the soil into good tilth. At the close of the eighteenth century the industrial and commercial population was making such demands for agricultural products that the more intelligent farmers began to think it too great a waste to cultivate a third of the arable land each year with nothing growing upon it. A general search was made for crops which could be grown in the place of the bare fallow and at the same time allow the soil to be cleaned of weeds and cultivated preparatory to sowing grain. Unfortunately Indian corn, the one grain crop which can be grown successfully under such conditions, was found to be ruled out by the climate; so potatoes, turnips and beets were resorted to. Besides the root crops, clover was introduced and the rotation changed into a four-course system in which roots, summer grain, clover and winter grain succeed each other in the order given. During the last quarter of the eighteenth century and the first half of the nineteenth this four-course system gradually replaced the old three-field system with its bare fallow. The root crops came to be called "fallow crops" because they were looked upon as incidental to the fallowing of the land in preparation for the grains. The grains continued to be the most profitable crops.

The old three-field system was the rule in northwestern Europe during the first two centuries of American colonization, yet the bare fallow never became permanently established in the colonies. The colonists were, from the beginning, well provided with valuable crops which could be cultivated while growing. Corn and tobacco made the bare fallow unnecessary and practically unknown in this country long before "fallow crops" were introduced in Europe; and while our country has greatly expanded, cotton, corn and tobacco have continued to make fallowing unnecessary in most parts of the

United States. Of these crops, corn is the one which interests us especially in this paper, because of the relation which exists between the corn belt and the area suited to sugar-beet culture.

The beet region of the United States is described in the Year-book of the Department of Agriculture (1901, p. 501) as "a large strip of land reaching across the northern portion of the country. It starts at the Hudson, takes in the southern half of New York, the northern portions of Pennsylvania, Ohio, Indiana, Illinois, Iowa and Nebraska, the southern half of Michigan, Wisconsin and Minnesota, all of South Dakota, large sections of Colorado, Utah, Wyoming, Montana, Idaho, Washington and Oregon, and the coast side of California." By comparing a map of this beet region with one showing the corn belt, it will be seen at once that from the Hudson River to Central Nebraska the southern half of the beet region passes through the very heart of the corn belt, and if sugar beets are to be generally introduced as a profitable crop in the possible beet areas east of the great plains they must show as large a net return, on the long-time average, as corn. It seems to be true, however, that the beet region extends farther north in Michigan than does the area of very profitable corn production. Here we may expect beets to compete with corn more effectively than in the heart of the corn belt.

But why should we ask that beets be as profitable as corn before we introduce them in the corn belt? We grow oats without asking that they be equally profitable. Why not grow beets for what profit there is in them, even if the cultivation of this crop does prove less profitable than the growing of corn? Or again it may be asked, why not compare the profit to be derived from the growing of oats and of beets instead of comparing that of corn and of beets? The answer to this question is made clear when we study those principles which underlie the organization of the farm economy. The intelligent farmer seeks to operate his farm in such a manner as will make it yield the largest net return. The organization of the farm is essentially different from that of the factory. In mechanical pursuits it is the common thing for each man to devote all of his time throughout the year to the production of that one article or class of articles which he can produce to best advantage. In agriculture, however, the production of any one crop requires the attention of the farmer for only a portion of the year, and various crops

demand his attention at different seasons, so that his labor, horses and machines are usually employed more economically in a system of diversified farming than in a single crop system, even if the crop needing attention at one time is less profitable than that requiring attention at another time.

The crops which require attention at the same time of the year may be looked upon as a group of competing crops. Thus the crops which require cultivation for six or eight weeks during the early period of their growth, such as corn, cotton, tobacco, potatoes, sugar beets, etc., may be classed together as a group of competing crops, because they compete for the attention of the farmer—for his labor, his horses, his tools and machinery. The winter grains, rye and winter wheat, or the spring grains, oats, barley and spring wheat, may be given as other groups. We may call these separate groups non-competing groups, because the members of one group require the attention of the farmer at a different time than do the members of other groups. For example, corn, cotton, etc., do not compete with oats, barley, etc. The farmer who seeks to use his labor and capital to the best advantage should select from each group of competing crops that one which will yield the largest net return and should introduce as many non-competing crops into the field system as will yield a profit. When this principle is followed it will often happen that of two non-competing crops in the field system one will yield a larger net return than the other. Yet, when the year's accounts are balanced, it will be found that the net returns are greatest when both crops are cultivated, even if one is less profitable than the other, for each crop represents the most profitable use to which the labor, horses and machines can be put at the given time, and if not used in that way they must be put to a less productive use or to no use at all. But of two competing crops, only the more profitable one should be produced.

With this principle in mind, let us note that while oats and corn may be brought into rotation so as to supplement each other in the economy of the farm, beets and corn cannot be made to do so. Beets may be brought into a system of rotation with oats, but not with corn. In some places, as where the sugar-beet region crosses the corn belt, in the United States, the one may be made to replace the other, but corn and beets cannot be made to supplement each other. The time devoted to the culture of oats is not subtracted from the

time which the farmer may devote to the corn crop. The oat crop is sown and harvested at just the time when the farmer is not needed in the corn-field, and hence oats fit naturally into a profitable rotation with corn. Beets, however, demand cultivation at the same time when the farmer is needed in the corn-field, and if the beet crop increases the corn crop must decrease. Again, the corn and the beets are both cultivated while growing, so that either one prepares the soil for the small grains and makes fallowing unnecessary. Thus we find that beets and corn are competitors, while oats and corn are not. Oats can be grown with profit, even though they do not yield so large a net return as corn, but unless beets yield as large a net return as corn they can be grown only at a loss. Hence the question arises, is beet culture and sugar production more profitable than corn growing and pork production? If so, there is reason for trying to introduce sugar beets in the corn belt. If pork and beef production and the other industries based upon corn are more profitable than sugar production, the profitable culture of the sugar beet must be found outside of the corn belt.

Corn is the one grain which can easily be cultivated while growing. Where corn will not thrive, as is the case in central and northern Europe, the small grains, wheat, rye, oats and barley are the most profitable crops. In parts of southern Europe where it will grow, corn has replaced the fallow, but in those districts where sugar beets are being grown the climate precludes the growing of corn; hence sugar beets have only to show themselves as profitable as turnip, potatoes and fodder beets in order to enter as a profitable element into the field system. Thus, while in Germany the sugar beet has to compete with a relatively unprofitable element in the system of crop rotation, in the corn belt of the United States it must replace corn where corn is king. Hence, it may be true that were the industry once established in the corn belt, our farmers would be able to produce beet sugar at a lower cost in labor and capital than can the Germans, and yet if corn shows a larger average net return than beets, beets will prove unprofitable in the corn belt, while at the same time they may remain profitable in Germany because no very valuable crop is present to compete with them for a place in the German field system. A high duty on sugar may stimulate the sugar-beet industry to expand within the limits of the corn belt, but from an economic standpoint it will not be profitable to the nation until

the beet regions of the world, where corn cannot be grown, are so occupied with sugar beets and the cane sugar regions are so taken up that the price of sugar on the world market will rise to a level which will enable beets to show as large a net return as corn. Let us consider for a moment what is likely to happen in this regard. In France, Germany, Austria-Hungary, Russia and the western and northern parts of the United States there still remain vast areas which could be devoted to sugar beets if the price of sugar were slightly higher. The cane-sugar industry is capable of very great expansion when stable government makes capital safe in all those countries where sugar cane can be grown. On the other hand, the corn lands of the world are pretty well occupied. The United States is, and will doubtless remain, the principal corn country of the world. The Mediterranean and the Himalayas occupy most of the surface of the Old World which might otherwise have provided the proper climate for corn. Only the narrow part of South America and small parts of South Africa and Australia have a corn climate.

As the population of the world increases there is sure to be an increasing demand for pork and other articles of commerce which are most cheaply produced where corn is plentiful. The demand for sugar will also increase; but when we consider the chances for expanding the two industries, there is no reason for believing that the increasing demand will result in as great a rise in the price of sugar as in the price of corn products. In fact the price of sugar has been falling while the prices of corn products have been rising, and the chances are that the relation between the price of sugar, on the one hand, and that of corn products, on the other, will never be such as to enable sugar beets to compete successfully with corn where the climate is especially suited for corn production. If corn would thrive throughout the sugar-beet region of the United States, the sensible thing would be to abandon the beet-sugar industry at once; for so long as we can get our sugar with less outlay of labor and capital by producing corn and hogs for the foreign market and buying sugar from abroad, it would not be economical to produce sugar beets. There might be political reasons, it is true, for desiring to produce our own sugar supply, in order that we may "be in a position to ignore the foreign product," as Secretary Wilson has said. In this case, however, would it not be wise to look rather

to the promotion of the cane-sugar industry within the United States and her dependencies?

But the "probable areas fitted to beet culture" extend beyond the corn belt to the west and the north. Parts of Colorado, New Mexico, Utah, Washington, Oregon and a narrow belt along the Pacific Coast from the north to the south of California are included within its limits. Here corn will not thrive. Wheat and barley are the most important grain crops. As these states grow older the fallow becomes more and more essential to the successful growing of grain and in the absence of corn as a competitor, sugar beets have only to prove more profitable than fodder-roots, or a bare fallow, in order to be introduced with profit into the field system. Thus so far as competing crops are concerned the conditions are nearly the same in these western states as in the sugar-beet regions of Europe, and there is no reason for doubting that where the rainfall is sufficient the beet-sugar industry of the West will be able in time, without any form of government aid, to compete successfully with the Europeans. A very great deal of the probable beet areas of the West require irrigation, however, and it may well be questioned whether the farmers who must pay the costs of irrigation will ever be able to compete on an equal basis with the European producers in beet-sugar production. It may possibly be found that the humid region outside of the corn belt which is suited to beet culture is sufficient to supply our demand for sugar. But if it is not, and this is questionable, the economy of trying to supply the home demand for sugar by cultivating beets is certainly doubtful.

It may be possible for us to supply our home demand for sugar by developing the sugar industry in the ultra corn-belt areas of beet culture and in the cane-sugar regions of the United States and her dependencies. We find here a suggestion regarding the attitude the government should take in attempting to foster the sugar industry in this country. It is certainly in accordance with our infant-industry policy to encourage, in some way, the development of the sugar industry in the West or any place else where there is good reason for believing that it will be able to stand on its own merits when once established. On the other hand, it is contrary to the same policy to force a growth of the industry in those parts where it cannot be expected to prove profitable longer than while the external stimulus is being applied.

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